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SUBJECT: PARAGUAY: TERRORIST FINANCIER SAYS "EVERYBODY" IN  
CDE SUPPORTS HIZBOLLAH

Classified By: A/DCM James P. Merz; Reasons 1.4(d)

11. (C) SUMMARY. Terrorist financier Muhammad Yusif Abdallah admitted to supporting Hizbollah politically but in his defense told POL Chief "everybody" in Ciudad del Este (CDE) supports Hizbollah. According to Abdallah the Islamic community in CDE transformed significantly in the aftermath of 9/11 when a large number of Sunnis left for Brazil leaving the Shiites to become the majority. Abdallah was proud of having built the largest mosque in CDE and denied supporting Hizbollah financially. END SUMMARY.

Strong Support for Hizbollah Within Arab Community in CDE

12. (C) POL Chief met with Muhammad Yusif Abdallah December 7 the day after he was designated a terrorist financier by the Department of Treasury. Abdallah admitted supporting Hizbollah politically but denied providing it financial support. According to Abdallah "everybody" in the Arab community in CDE supports Hizbollah but "nobody" knows who actually belongs to Hizbollah because they operate secretly. He later qualified his assertion regarding Hizbollah support, maintaining Hizbollah enjoyed the supported of 90 percent of the population in Lebanon and approximately 60 percent of the Arab community in CDE. He insisted nobody would ever tell him if they were a member of Hizbollah because he talks too much.

Transformation in Arab Community in CDE

13. (U) Abdallah described the transformation of the Arab community over the three decades he has been living in CDE. When he first arrived in 1980, there were a handful of Christian families from Lebanon and Syria living in CDE. In the time since, they have all essentially died out and any remaining Arab Christians live in Asuncion. Until 9/11, the Arab community was roughly divided evenly between Sunnis and Shiites. After 9/11, he said 40 percent of the Arab community left CDE with approximately 20 percent ultimately settling down principally in the Brazilian cities of Curitiba, Cascabel, and Londrino. According to Abdallah, presently 80 percent of the Arab community in CDE is Shiite and only 20 percent Sunni, with the sweeping majority of Lebanese descent. He maintained that he does not get out of his apartment on the 19 th floor of the building he owns but that when he does he sees a lot recently arrived Arab youth whom he does not know.

## Abdallah's Story

¶4. (SBU) Abdallah said that he came to CDE in 1980 to join his father who had arrived several years earlier to escape the civil war in Lebanon. He said that he was a communist at the time and not religious. According to Abdallah, he developed and maintained profitable commercial businesses in CDE until the 1990s. He constructed a 19 floor building, including a mosque, in the 1990s. He said that he had sold off approximately 40 percent of the floors, maintaining that he had lost a lot of money over the years and was living off his savings. The building appeared rundown and relatively abandoned. Abdallah claimed that he did not get out very much, spending most of his time watching Lebanese broadcasts on his 24 inch flat screen TV. Abdallah has at least 4 children ) a married daughter who lives in Foz de Iguazu, Brazil, a son who took up residence in Curitiba, Brazil after he was denied a U.S. visa two or three times, an 11 year

daughter who was presently visiting Lebanon, and a son in his early twenties. He did not speak of his wife. Abdallah is in his mid-50s, portly, and has a friendly demeanor. He speaks terrible Spanish. He maintained he had no intention of returning to Lebanon, preferring the tranquillity of life in Paraguay.

¶5. (SBU) Abdallah's twenty-something son entered and spoke in English with POL Chief for a short while. He said that he had a small commercial business that was not doing well due to restrictions Brazil had imposed on the import of products into Brazil duty free. He said that he could also speak Portuguese, Spanish, and Arabic. He conveyed no interest in political or religious issues. It appeared as if he probably lifts weights. He echoed his father's claim that he had lost much money over recent years.

¶6. (C) Abdallah was proudest of the mosque which he said he began to construct in 1993 and which was completed in 1996. He said there were a total of three mosques in CDE ) two Shiite and one Sunni. He claimed his was the largest but that the other Shiite mosque sponsored a secular school. No sheik is attached to his mosque which he said receives approximately 100 visitors a day. He said that he had built the mosque with his own money instead of contributing the 20 percent to charity as his faith requires. He offered POL Chief a tour of the mosque displaying a wide variety of apparently religious pamphlets in Arabic and at least one poster of a Shiite cleric whom he conceded was anti-American.

¶7. (C) COMMENT: POL Chief's meeting with Abdallah the day after announcement of his designation was coincidental but Abdallah clearly did not believe that was the case. He acknowledged that he had seen his name identified in the newspapers that same day in connection to Treasury's designation, conveying concern about potential consequences. He conceded at least one of the nine individuals on the list designated by Treasury supported Hizbollah financially, but maintained the rest were like him ) mere political supporters who were not providing money. In the event the USG had any designs on his assets, he clearly sought to leave the impression he had suffered a significant economic setback in recent years and was not as well off as we might want to believe.

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